

DEPARTMENT OF SOCIAL SERVICES  
744 P Street, Sacramento, CA 95814

June 11, 1993

ALL-COUNTY LETTER NO. 93-39

TO: ALL COUNTY WELFARE DIRECTORS  
ALL COUNTY GAIN COORDINATORS  
ALL COUNTY NET COORDINATORS  
ALL COUNTY TCC COORDINATORSReason for this Transmittal

- |                                     |   |
|-------------------------------------|---|
| <input checked="" type="checkbox"/> | State Law Change                                |
| <input type="checkbox"/>            | Federal Law Change                              |
| <input type="checkbox"/>            | Court Order or Settlement Agreement             |
| <input type="checkbox"/>            | Clarification Requested by One or More Counties |
| <input type="checkbox"/>            | Initiated by CDSS                               |

SUBJECT: 1993 REGIONAL MARKET RATE CEILINGS

This letter is to transmit the 1993 Regional Market Rate (RMR) Ceilings for California Child Care Providers. The instructions for using this rate ceiling document are contained in Enclosure I. The rate ceilings for the 1.5 standard deviations above the mean market cost of care are contained in Enclosure II and the rate ceilings for the 75th percentile of the market rates are contained in Enclosure III. The RMR ceilings are determined by the California Child Care Resource and Referral Network (Network) from the results of a survey which included interviews of 13,256 child care providers statewide. These rate ceilings are used by the Greater Avenues for Independence (GAIN) Program, the Non-GAIN Education & Training (NET) Program, the Transitional Child Care (TCC) Program, and by various programs under the jurisdiction of the California Department of Education (CDE). The 1993 RMR ceilings will become effective July 1, 1993, and will remain in effect until further notice.

Although 13,256 providers were interviewed, after categorizing the data by specific rate units (hourly, daily, weekly and monthly), we continued to have a problem this year with data fields that were blank. As in last year's RMR, the Network replaced the county rate with a regional rate when it was necessary to achieve a sample size of at least ten providers. A sample size of fewer than ten providers occurs in two instances: 1) when the provider population in a county is small, and 2) when fewer than ten providers in a county use a specific unit to set their rates (hourly, daily, weekly, or monthly). By using the data from the larger regional sampling, we are assured of a statistically reliable RMR ceiling. The regions were created to include counties with similar geographic, economic and demographic conditions.

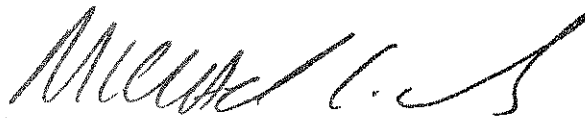
Again, counties were asked about their interest in having sub-regional rate ceilings established for their county. For the 1993 RMR's, Contra Costa, Riverside, Ventura, and Yolo requested sub-regionalized rates. These rates are located in the back portion of each set of rate ceilings. Again, in instances where there are less than ten providers in a particular type of care, sub-regional rate ceilings are replaced with county rate ceilings or regional rate ceilings as applicable.

It is important to note that the RMR ceilings represent the maximum each particular program will pay for child care. If a provider charges less than the maximum ceiling rate, counties would pay the rate charged. However, should the actual cost of child care exceed the RMR ceiling, the participant/parent would be responsible for the payment of the difference if he/she chooses to utilize such a child care provider.

With this letter, we are establishing a new policy concerning the appropriate rate ceiling to use when a child in kindergarten turns 6 years old. Under current policy, when a child turns either 2 or 6 years old, the rate category changes and the new rate ceiling becomes effective the first of the following month. A child in kindergarten only attends school for a few hours a day as opposed to children in the other grade levels. Therefore, child care providers usually charge higher rates for kindergarten children than for children in the higher grade levels. For a child who enters kindergarten at age 5 and then turns 6 years old during the school year, the use of the school-age rate ceilings results in either a large parent co-payment or sometimes a mandatory change in child care providers. To reduce the instances of such hardships, we will now allow the continued use of the 2 - 5 years rate ceiling for a child who turns 6 years old while attending kindergarten, but only until the end of that school year.

All counties will be required to use the 1993 RMR ceilings as of July 1, 1993. Notices of Action (NOAs) need to be completed and sent to impacted participants in a timely manner to notify them of the changing child care rate ceilings. Please refer to the appropriate program's noticing requirements for instructions on how to process NOAs.

If questions or concerns arise regarding these 1993 RMR ceilings, please contact the appropriate Employment Operations Analyst at (916) 657-3403 for GAIN and NET or contact Ms. Jan DeSilva at (916) 654-1768 for TCC.



MICHAEL C. GENEST  
Deputy Director  
Welfare Programs Division

Enclosures

ENCLOSURE I

INSTRUCTIONS FOR USING THE  
REGIONAL MARKET RATE CEILINGS FOR  
CALIFORNIA CHILD CARE PROVIDERS

DEFINITIONS:

- The 1.5 Standard Deviation Above The Mean rate ceilings represent the maximum amount allowable for the payment of child care costs for the Greater Avenues For Independence (GAIN) Program.
- The 75th Percentile rate ceilings represent the maximum amount allowable for the payment of child care costs and for federal financial participation. These rate ceilings are currently used in the Transitional Child Care (TCC) and Non-GAIN Education & Training (NET) programs.
- Part-time care is less than 35 hours per week.
- Full-time care is 35 hours per week or more.
- Child Care Centers are licensed facilities other than family day care homes in which care is provided for children in a group setting.
- Family Day Care is care provided by a licensed provider in the provider's own home.
- In-Home/Exempt Care is any child care arrangement that is exempt from child care licensing requirements.

NOTE: The only exception to this rule is exempt-from-licensure child care centers operated on school grounds by school employees for before- and after-school child care. These schools and their employees are governed and regulated by the California Department of Education and thus need no further regulation. However, those programs operated on school grounds but not by school employees are not exempt from licensing requirements. Both types of centers are governed by the Child Care Center rate ceilings.

- Special Needs Care is child care provided to children who are mentally or physically incapable of self-care and require separate accommodations to provide them with basic child care.

NOTE: According to the Americans With Disabilities Act (AWDA), child care centers cannot charge special rates for children for whom reasonable accommodations are all that is necessary to fully integrate the child into their program.

- A period (.) in the rate category means there are less than three providers for a particular type of care in both the county rate survey and the larger regional rate survey. If a child care provider requires payment in such a rate category, the county would pay the actual cost of the child care in these situations pursuant to Manual of Policies and Procedures (MPP) Section 42-750.333 (c).

NOTE: Counties should be aware that rate categories with less than three providers (.) are rate categories that are not typically used by child care providers as a way to charge for services. For example, full-time care for a child under two years of age is not typically charged on an hourly basis; full-time care is usually charged by the day, week or month. Another example would be that part-time care for a child under two years of age is not typically charged on a monthly basis; part-time care is usually charged by the hour, day, or week. Counties should become familiar with the usual methods of how child care providers charge within their county. Counties should attempt to use those rate categories with RMR rate ceilings rather than use a rate category that does not have a ceiling listed. Therefore, if a child care provider requires payment in a manner which has no rate ceiling, counties should attempt to persuade the provider to change the way he/she charges in a manner that is more typical for the type of care and would have a rate ceiling listed.

- Asterisks (\*) were inserted into the part-time daily, weekly, and monthly rate categories for In-Home/Exempt care to inform counties to multiply the actual number of hours of care by the hourly rate ceiling to issue the appropriate child care payment.
- In the 75th percentile rate ceiling document under In-Home/Exempt Care, the rate ceilings annotated with a plus (+) sign are for use only in the TCC Program. The TCC Program uses only monthly rate ceilings, therefore, program-specific rate ceilings were inserted into the part-time monthly rate categories.

INSTRUCTIONS:

The following information is needed to determine the appropriate rate ceiling:

- The program's rate ceiling level (75th percentile or 1.5 standard deviations above the mean);
- The county or sub-region where the child care is provided;
- The type of provider (Child Care Center, Family Day Care Home, Exempt Child Care);
- The number of hours of care per week (35 or more hours = FT, 1 - 34 hours = PT);
- The age of the child; and
- How the provider charges (hourly, daily, weekly or monthly).

- STEP 1: Locate the appropriate page in the RMR ceiling document that corresponds to the county or sub-region where the child care is provided.
- STEP 2: Locate the appropriate category of care and age of child.
- STEP 3: Determine the appropriate ceiling based on the number of hours of care and the provider's charging method.
- STEP 4: Compare the ceiling amount to the amount the child care provider is charging. If the ceiling is higher than the amount charged, pay the amount charged. If the ceiling is lower than the amount charged, only pay the ceiling amount.

NOTE: When notified about a change in the provider, a change in the hours of care, or when a child turns 2, 6 or 13 years old, the ceiling amount needs to be revised accordingly and, for eligible children, would be effective the first of the following month. The only exception to the rule is a child who enters kindergarten at 5 years old and later in the school year turns 6 years old; but only for the remaining part of that school year. THE PARENT MUST BE NOTIFIED OF ALL CHANGES TO THE RATE CEILING.

EXAMPLES FOR DETERMINING RATE CEILINGS:

1. A Kern County AFDC family consists of a mother, who is participating in a full-time GAIN component, and a 2 year old child, Mary. Mary needs care for 10 hours a day for 5 days a week. Since 10 hours X 5 days equals 50 hours per week and "35 or more hours per week" is considered full-time care, the FT 2 - 5 YRS category would be used. Her family day care provider charges \$90.00 per week. Compare the weekly GAIN (1.5) ceiling for FT 2 - 5 YRS in a Family Day Care (\$85.84) with the actual weekly rate charged (\$90.00). GAIN would pay up to a maximum of \$85.84 per week and the difference of \$4.16 per week would be the responsibility of the parent.
2. A Sacramento County TCC family consists of a father, who is working full-time, and his 10 year old son, John. John needs 3 hours a day of after-school care for 5 days a week. Since 3 hours X 5 days equals 15 hours per week and "less than 35 hours per week" is considered part-time, the PT 6 + YRS category would be used. His child care center charges \$220.00 per month. Compare the monthly TCC (75th) ceiling for PT 6 + YRS (\$251.00) with the actual monthly rate charged (\$220.00). Since the actual rate charged is less than the 75th ceiling, TCC would pay the entire cost of child care except for the family fee.

CLAIMING REQUIREMENTS:

Federal financial participation is available only up to the 75th percentile of the market rates. In the TCC and NET programs, the entire payment amount would be claimed as a federally-eligible child care cost. However, in the GAIN Program, child care costs up to the 75th percentile that are eligible for federal reimbursement, along with costs above the 75th percentile, must be claimed separately. Detailed claiming instructions for child care expenditures in the GAIN Program are located in County Fiscal Letters (CFLs) No. 90/91-52, No. 90/91-62, No. 90/91-64, and No. 90/91-65.

For Example #1 above, the following is the claiming instructions:

- o The difference between the 1.5 weekly ceiling (\$85.84) and the 75th percentile weekly ceiling (\$75.00) would be calculated ( $\$85.84 - \$75.00 = \$10.84$ ). The \$75.00 would be claimed as a federally-eligible child care cost; the \$10.84 difference would be claimed as a non-Federal child care cost.